

# FISCAL NOTE

**Bill #:** SB0315

**Title:** Transfer general fund to state fund (old fund)

**Primary Sponsor:** Esp, J

**Status:** As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2006 Difference</u></b>	<b><u>FY 2007 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$6,200,000	\$0
<b>Revenue:</b>		
General Fund	\$0	\$0
Other	\$6,200,000	\$0
<b>Net Impact on General Fund Balance:</b>	(\$6,200,000)	\$0

<input type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Dedicated Revenue Form Attached	<input type="checkbox"/> Needs to be included in HB 2

## Fiscal Analysis

### ASSUMPTIONS:

1. This legislation provides for a transfer of \$6.2 million from the General Fund to the account established in 39-71-2321, MCA, the Old Fund. The transfer is intended to fully fund the Old Fund.
2. The Montana State Fund is required to engage the services of an independent actuary to project the unpaid claims liability of the Old Fund each year, 39-71-2352(7), MCA.
3. Based on the Old Fund Reserve Report as of June 30, 2004, completed by the independent actuary, the Old Fund does not have adequate funds to pay all the unpaid claims liability.
4. In order fully fund the Old Fund, the Montana State Fund estimates \$6.2 million would need to be transferred to the Old Fund prior to June 30, 2005. The following assumptions were used when determining the amount funds to set aside.
  - a) Investment yield would average 5.25% over the period.
  - b) Payout patterns in the Old Fund would be as determined by the independent actuary in the Old Fund Reserve Report, as of June 30, 2004.
  - c) The funds would be transferred to the Old Fund and would be earning interest as of July 1, 2005.
5. The funds transferred and the investment earnings on those funds will be used to pay claims for injuries resulting from accidents that occurred before July 1, 1990 (Old Fund).

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(continued)

6. This legislation eliminates the requirement on the Old Fund for funds in excess of adequate funding to be transferred to the General Fund.
7. The legislation is effective upon passage and approval.
8. The transfer of funds will occur prior to June 30, 2005, fiscal year 2005.

### FISCAL IMPACT:

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
FTE	0	0
<u>Expenditures:</u>		
Transfers	\$6,200,000	\$0
<u>Funding of Expenditures:</u>		
General Fund (01)	\$6,200,000	\$0
<u>Revenues:</u>		
Other- Proprietary (06)-Old Fund	\$6,200,000	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$6,200,000)	\$0
Other-Old Fund	\$6,200,000	\$0

### EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

### LONG-RANGE IMPACTS:

### TECHNICAL NOTES:

1. NEW SECTION. Section 3. Fund transfer. Language states “to the state compensation insurance fund, provided for in 39-71-2313,” This language is unnecessary. To clarify legislation this language should be removed.